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# <Islamic Economics: Theoretical and Practical Perspectives in a Global Context> The Editor's Introduction to the Special Feature

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## **The Editor's Introduction to the Special Feature**

Islamic economics is a frontier science. Many of its arguments are under examination, and a good number of its proposals are criticized, while some of its premises are controversial, but many of its novel ideas and theories have opened new horizons and are continuing to open such horizons. The current global economic system has manifested a substantial number of fundamental problems as do the economic sciences which support this system, such as global economic disparity and the threatened global eco-system, and any serious proposals for alternatives or alterations are essentially important, if the human race is going to have a better "tomorrow." The role of Islamic economics in this respect is quite apparent.

Islamic economics is a frontier science, on at least three levels. First, it is deeply related to the Islamic revival, which started in the late 19th century as an intellectual movement but created social, political, and economic realities only in the latter half of the 20th century. The revival of Islamic values in various dimensions of Muslim society in this later stage of the modern era came as a surprise, when the standard expectation of modernization, which anticipated the progressive secularization of modernizing societies and the subsequent retreat of religions into private arenas, was proven wrong or premature. The phenomenon of Islamic revival has not yet been fully appreciated, and still constitutes a frontier in our scientific investigation, hence its manifestation in the economic field, in the form of Islamic economics.

Secondly, Islamic economics aspires, and seeks, to be an alternative to the capitalist system of global economy and its dominant economics, thus putting itself on a frontier line in arguments about what course human society should take in the global and post-modern era.

Thirdly, this ambitious aspiration of Islamic economics to be an alternative for the future of humanity invites quite a lot of criticism. Some strongly argue that Islamic economics is a moralistic ideology related to economics, rather than an objective science itself. Islamic economics, for its own part, started by criticizing the current economic system as being non-ethical, as it permits individual benefit-maximization to a degree detrimental to the welfare of humanity as a whole. The question of whether economics should be morally-bound or rational and value-free is indeed a viable question which requires serious consideration and good answers. At any rate, the heated debate on this issue is a sign that Islamic science is indeed a frontier science, since all frontier sciences ought to be born out of controversies over their nature, whether they are just normative arguments or objective sciences. We will know the final judgment only when such a new science has produced meaningful results for the welfare of human society.

We may readily agree that any investigation of economics must be related to the economic realities of human society in order to be meaningful in the final analysis. Islamic economics without the corresponding realities certainly would not endure our interest. The truth is, however, that economic realities in the Islamic world in the last four decades or so have been quite dynamic and developing, partly because of the rise of oil-producing countries, and partly because of the developmental success of Muslim countries in Asia such as Malaysia. The most notable of all

in these domains is the success of Islamic finance, especially the establishment and subsequent expansion of Islamic banks, starting with Dubai Islamic Bank in 1975. Today, we are observing what might be called a “boom” in the Islamic finance, as Western countries, Japan and other Asian countries rush to benefit from the economic leaps made in Islamic financial sectors. The state of Islamic economics as a branch of social sciences on the one hand, and the economic and societal realities of the Islamic world on the other, have been reflecting upon each other, pushing each other to further developments.

Islamic economics, as a matter of course, incorporates the provisions of Islamic law, while it also incorporates the fruits of contemporary economic studies. We should not, however, simplify these aspects and say, for example, that Islamic economics is merely the application of Islamic law in the field of economics, or that Islamic economics is just a reformulation of conventional economics facilitated by eliminating anti-Islamic elements such as *riba* (interest) and investments in *haram* (forbidden) products. Even though some of the arguments concerning Islamic economics involve such simplistic and reductionist formulas, they are much less so now than thirty years ago, and certainly the front-line of Islamic economics contains sophisticated and innovative ideas on both Islamic legal sanctions and contemporary economic thinking.

Looking into Islamic economics, as far as Islamic Area Studies is concerned, it can provide the keys to understanding the inherent nature of the Islamic economy and society and its contemporary developments in the Islamic world in the most dynamic and active manner.

We held an international symposium on this premise in July 2007, namely, International Symposium on “Islamic Economics: Theoretical and Practical Perspectives in a Global Context” at Kyoto University’s Center for Islamic Area Studies (KIAS), Japan. The articles in this special feature are some of its fruits. While they contain many interesting findings and propositions as well as theoretical and methodological inquiries, this editor would like to emphasize that these are just the “beginning” of the KIAS’s long term project to develop research on Islamic economics with academic and intellectual enthusiasm.

All readers are cordially invited to give us their valuable comments and reflections on these articles. Scholars of economics and Islamic studies with all of their branches are most welcome to join our project.

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